



Randolph Computer Corporation

200 PARK AVENUE, NEW YORK, N. Y. 10017

212: YUkon 6-4722

Rental Charges for IBM System 360

RCC rentals, as a percentage of IBM prime shift rentals, vary according to model, configuration and term. A typical Model 30 will have a rental of 90% of IBM rent under a two year lease. A Model 65 under a four year lease could be as low as 85% of IBM rent. Terms normally vary from two to four years, though under some circumstances shorter or longer leases are available.

Items Included in Rent

The foregoing are gross rentals under which RCC absorbs property taxes, insurance, and the minimum maintenance charge under the IBM maintenance contract.

Overtime

The customer will have unlimited use of the equipment leased from RCC without any extra use charge. On System 360 components IBM presently charges a 10% premium for each additional shift. On 1400 Series components, the IBM shift premium is 30%. Savings realizable by the customer can, therefore, be significantly increased by heavy system usage.

Multi-Systems Users

A further benefit to those renting two or more similar systems from RCC is the right to pool the rental obligation so that the term on one computer may be reduced by extending the term on others.

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Maintenance

The IBM maintenance contract has several options ranging from 9 consecutive hours between 7:00 AM and 6:00 PM Monday through Friday, to 24 hour coverage seven days a week. Since RCC does not charge overtime, the cost of the minimum monthly maintenance coverage only is absorbed by RCC. It is recommended that for hours outside 7:00 AM to 6:00 PM Monday through Friday the customer be on a time and materials basis. RCC will pay time and material charges which exceed the customer's savings from the elimination of the overtime rental premium.

Investment Tax Credit

RCC will pass through to its customer the Investment Tax Credit on the full investment. The resulting tax benefit is three times the amount passed through by the manufacturer and is equivalent, pretax, to 7 - 8 months rent for most taxpayers. The 7% Investment Tax Credit (\$70,000 per \$1.0 million of new equipment cost) is retained in full by a customer if he retains the leased equipment eight years. One-third is kept after four years, two-thirds after six years. However, the customer has full use of the whole amount until a refund to the Government is required. If it is presumed that a customer will eventually replace the leased equipment, then in effect the Investment Tax Credit is rolled over. Experience indicates that computing facilities expand rather than contract so that the funds generated by the Investment Tax Credit are available for the customer's use over a considerable period of time.

Renewals

The lease provides automatic month-to-month renewal at the initial term rate subject to 90 days prior written notice of intent to terminate. Renewal rental is 1.5 percentage points lower than the initial term rate if the customer elects to renew for a one year period (instead of month-to-month); 3.0 points lower for a two year or longer renewal.

Purchase Option

Customer may purchase the equipment leased from RCC at the end of the initial term or thereafter at a price equal to RCC's cost less 7½% of such cost for each twelve months the equipment has been under lease.

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The terms and conditions outlined herein are for illustrative purposes only. The company's offering to rent will be made by a proposal covering a customer's specific equipment configuration.

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March 28, 1966

Mr. T. Nelson
Systems Consultant
Box 1546
Poughkeepsie, N.Y. 12603

Dear Mr. Nelson:

Thank you for your inquiry regarding rental plans we have available on IBM System 360 computers. Although not indicated in our advertisement, I should point out that our primary interest is in Model 30's and larger.

I have enclosed for your review, a copy of our Confidential Rental Plan which summarizes the various options we now offer.

We would be pleased to give you a specific quotation based on an actual equipment configuration. This should include all components and devices thereon. We also need to know the length of initial term (normally two years and up) you desire, as well as an estimate of your average overtime usage, if any, during the initial term.

We look forward to hearing from you and hope we may be of service.

Sincerely yours,

A handwritten signature in blue ink that reads 'Cornelius T. Ryan'. The signature is fluid and cursive, with the first name 'Cornelius' being more prominent.

Cornelius T. Ryan
Vice President Marketing

CTR/sr
Enc.